

School Spending and Performance: A Historical Perspective

STATE BOARD OF EDUCATION

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AUDREY SPALDING

MACKINAC CENTER FOR PUBLIC POLICY

“The educational system established a century ago still exists, but it is now larger and less than ever responsive to the needs of parents and children.”

WILLIAM ALLEN, MICHIGAN STATE UNIVERSITY, AND EUGENIA TOMA, UNIVERSITY OF KENTUCKY

“A NEW FRAMEWORK FOR PUBLIC EDUCATION IN MICHIGAN,” MICHIGAN DEPARTMENT OF EDUCATION, 1996 [HTTP://GOO.GL/K3UDIL](http://goo.gl/k3UDIL)

Critical Questions

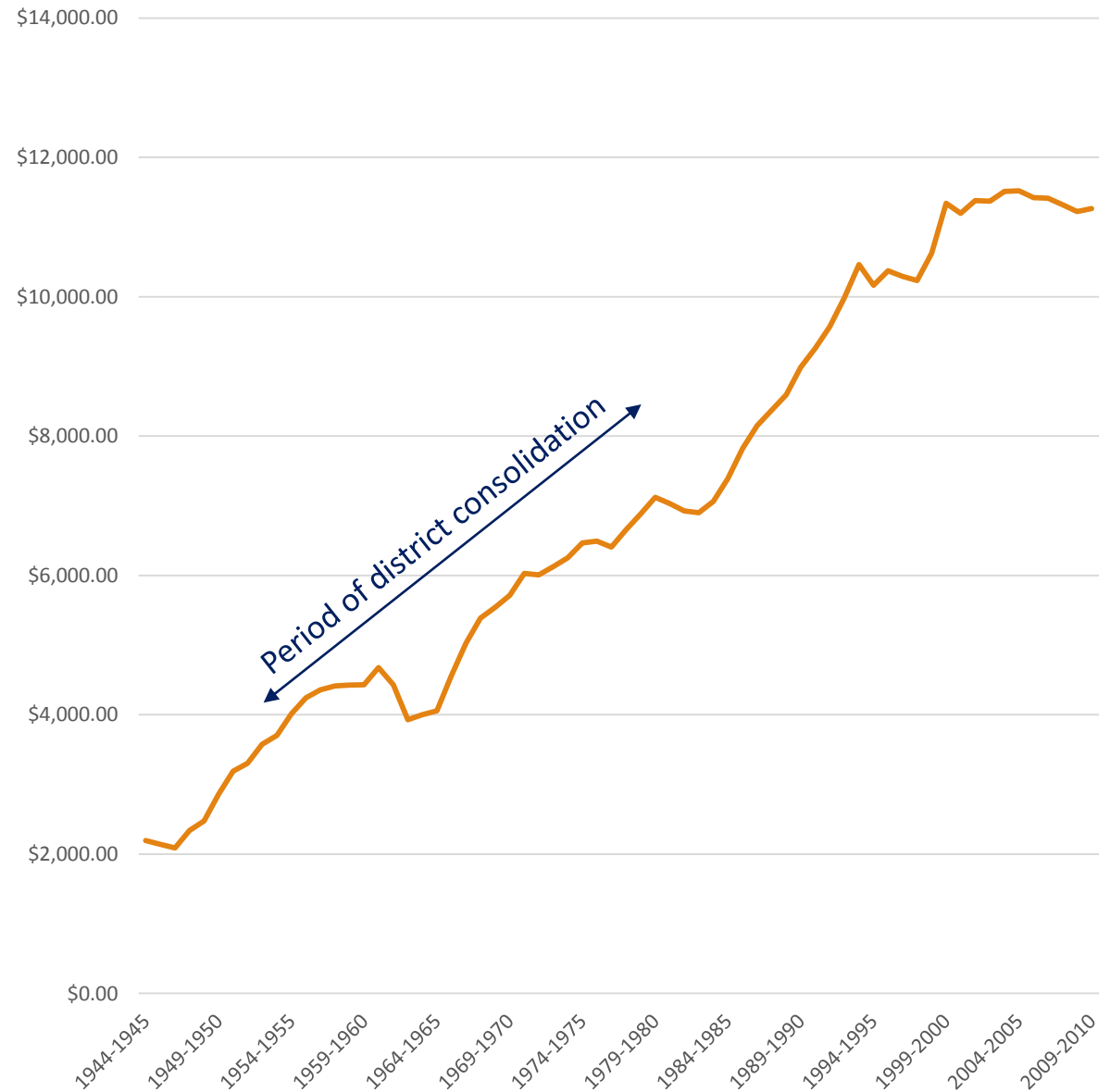
- What is the trajectory of per-pupil spending in Michigan?
- Is spending related to outcomes?
- Are there ways of improving the system with minimal cost?

- During the past seven decades, inflation-adjusted per-pupil spending has increased by 500%
- Between 1949 and 1981, the number of districts declined by 88%
 - During that time, inflation-adjusted per-pupil spending increased by nearly 150%

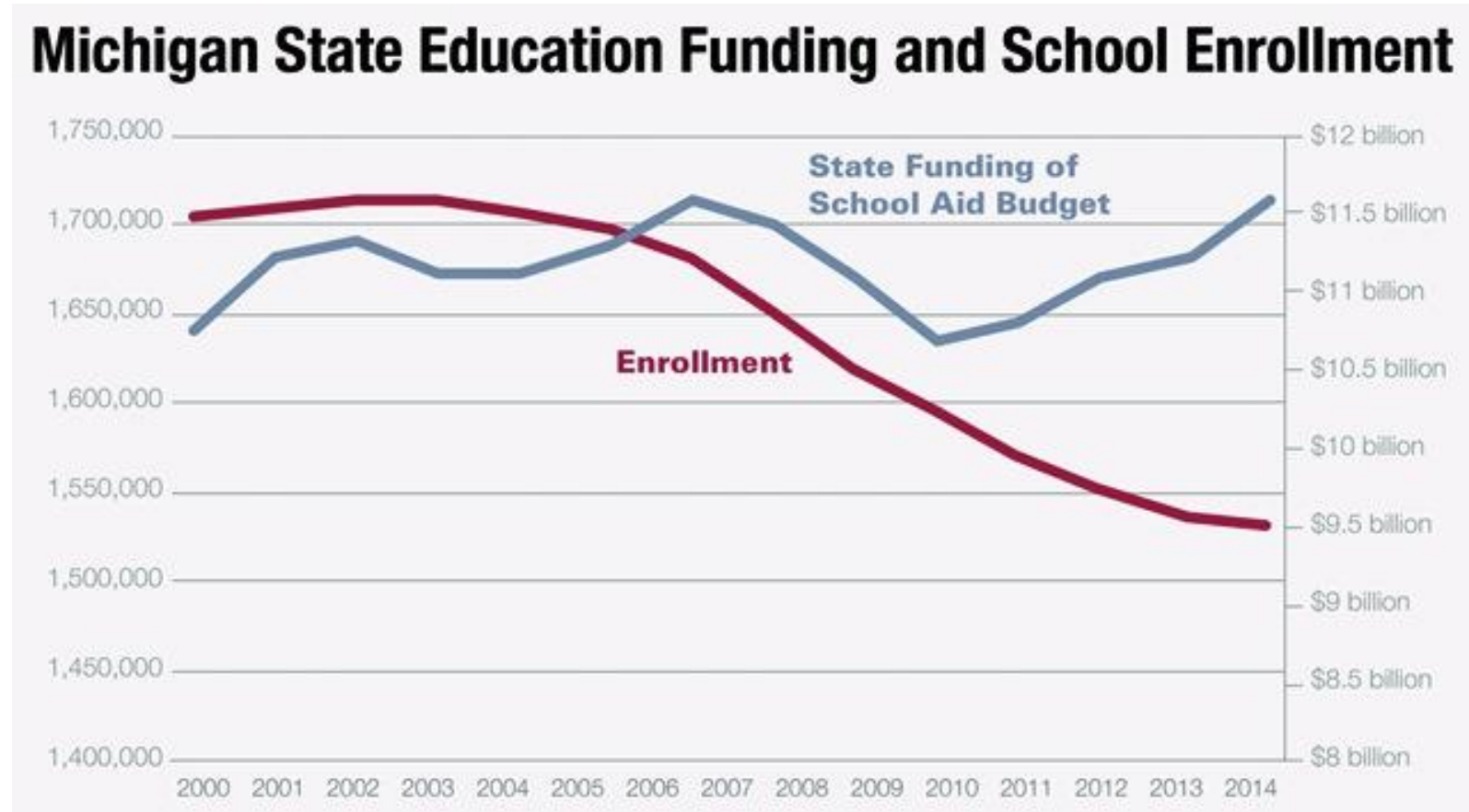
Sources:

- Allen and Toma, 1996
- Lawrence Kenny and Amy Schmidt, "The decline in the number of school districts in the U.S.: 1950-1980," *Public Choice* 79:1-18, 1994
- National Center for Education Statistics

Michigan inflation-adjusted per-pupil spending



- School aid funding has increased by 7.4 percent between FY 2011 and FY 2014
- Enrollment down 2.4 percent during same period



Tom Gantert, "Reality Check: Michigan Public Schools Getting More Money For Fewer Students," Michigan Capitol Confidential
<http://goo.gl/YTEIQb>

- Michigan ranks 9th nationally in per-pupil spending on K-12 education relative to per capita income
- Massachusetts ranks 34th
- Florida ranks 50th

School Revenue Per \$1,000 Personal Income

Alaska.....	\$75.47	New Jersey.....	\$57.03
Wyoming	\$64.32	Ohio	\$54.97
Vermont	\$60.56	Arkansas.....	\$54.52
New York	\$60.39	Michigan.....	\$54.30
West Virginia.....	\$58.74	Georgia.....	\$53.76

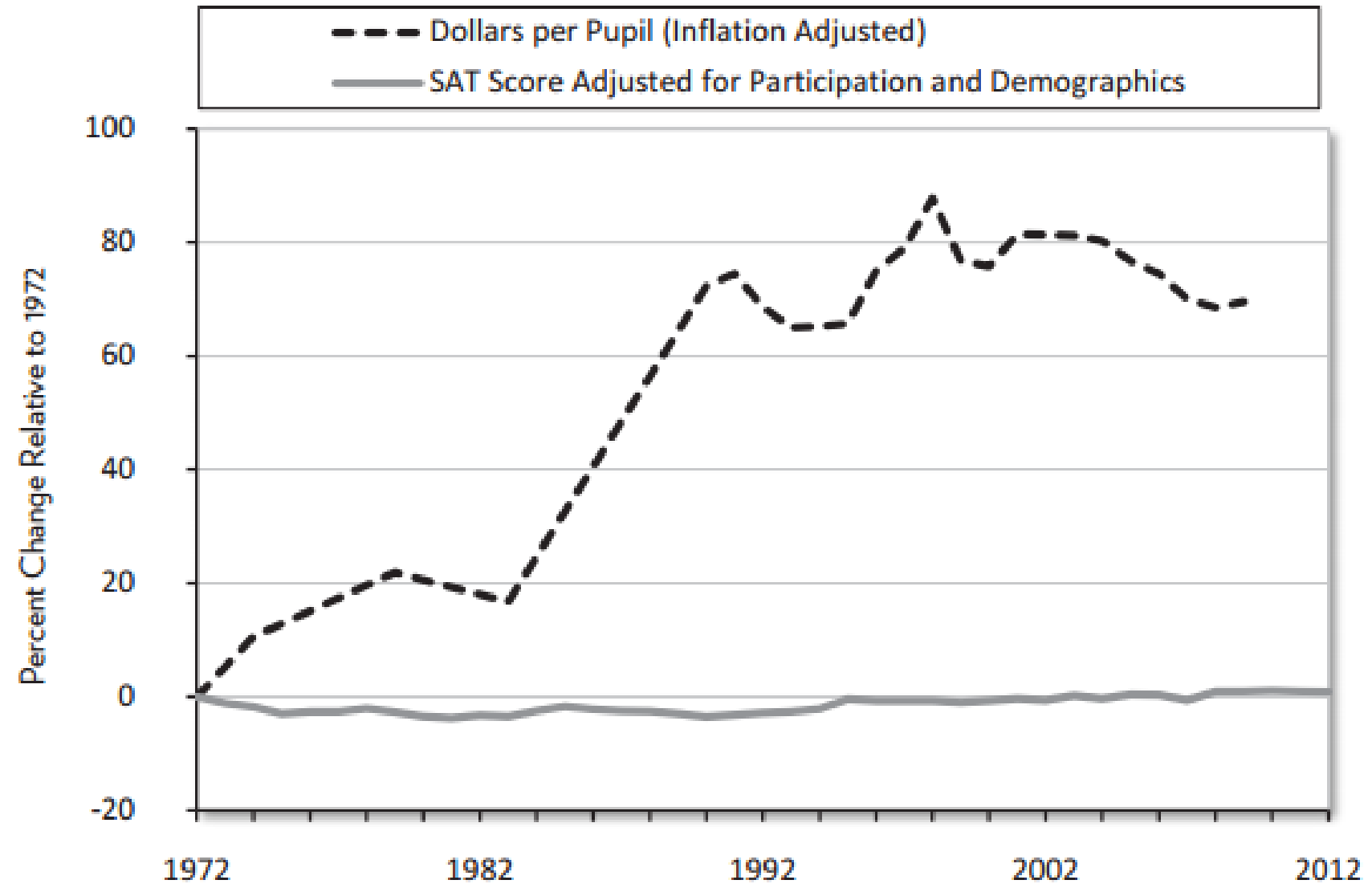
Source: U.S. Department of Commerce
mackinac.org



Could More Money Improve Outcomes?

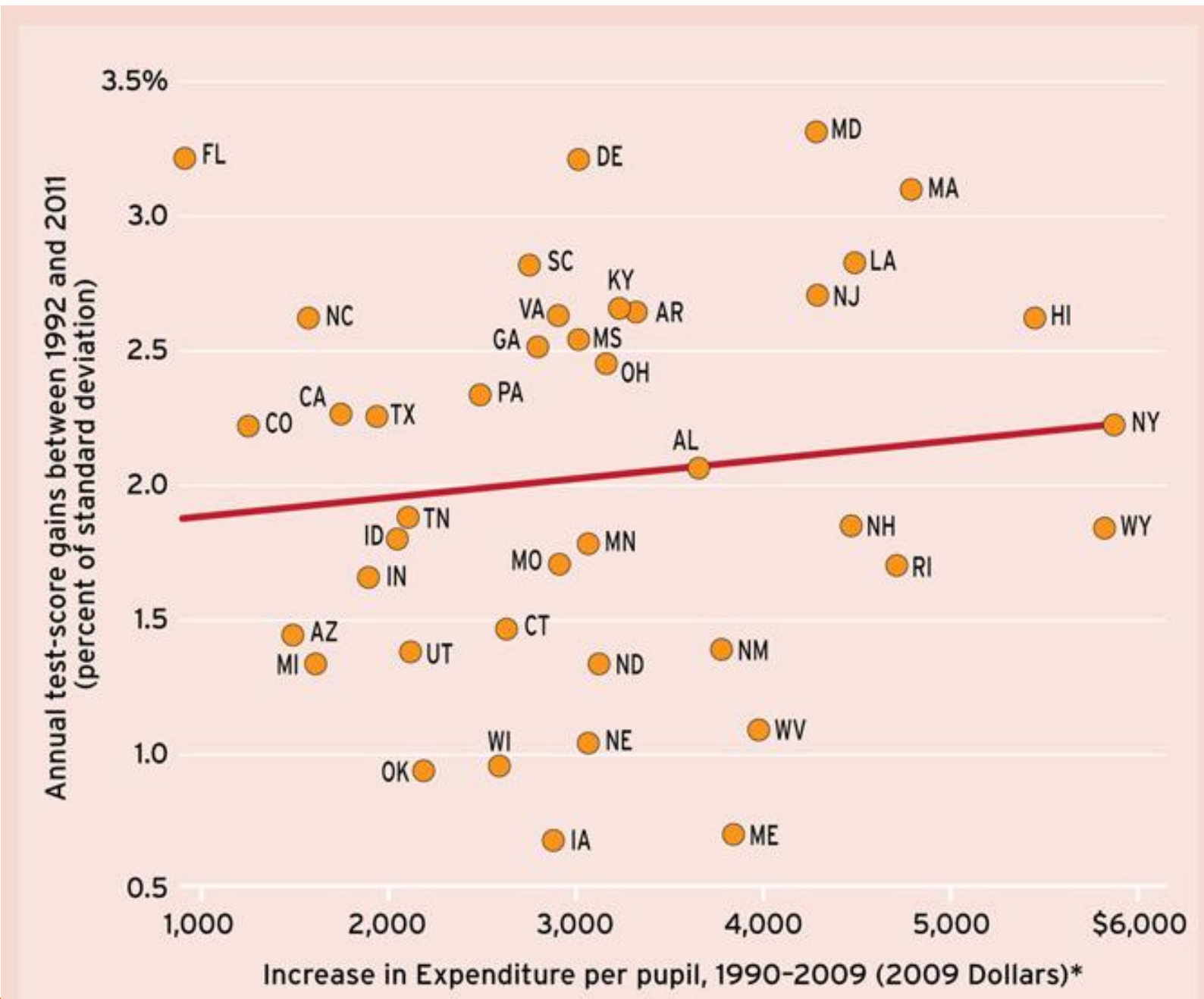
Michigan Education Trends

- "...there has been essentially no correlation between what states have spent on education and their measured outcomes."
- "...the same is true of the occasional spending declines experienced by some states."



"State Education Trends: Academic Performance and Spending over the Past 40 Years," Andrew Coulson, Cato Institute, March 2014 <http://goo.gl/0cVNUl>

- “We are also unable to find significant evidence that increased school expenditure, by itself, makes much of a difference.”



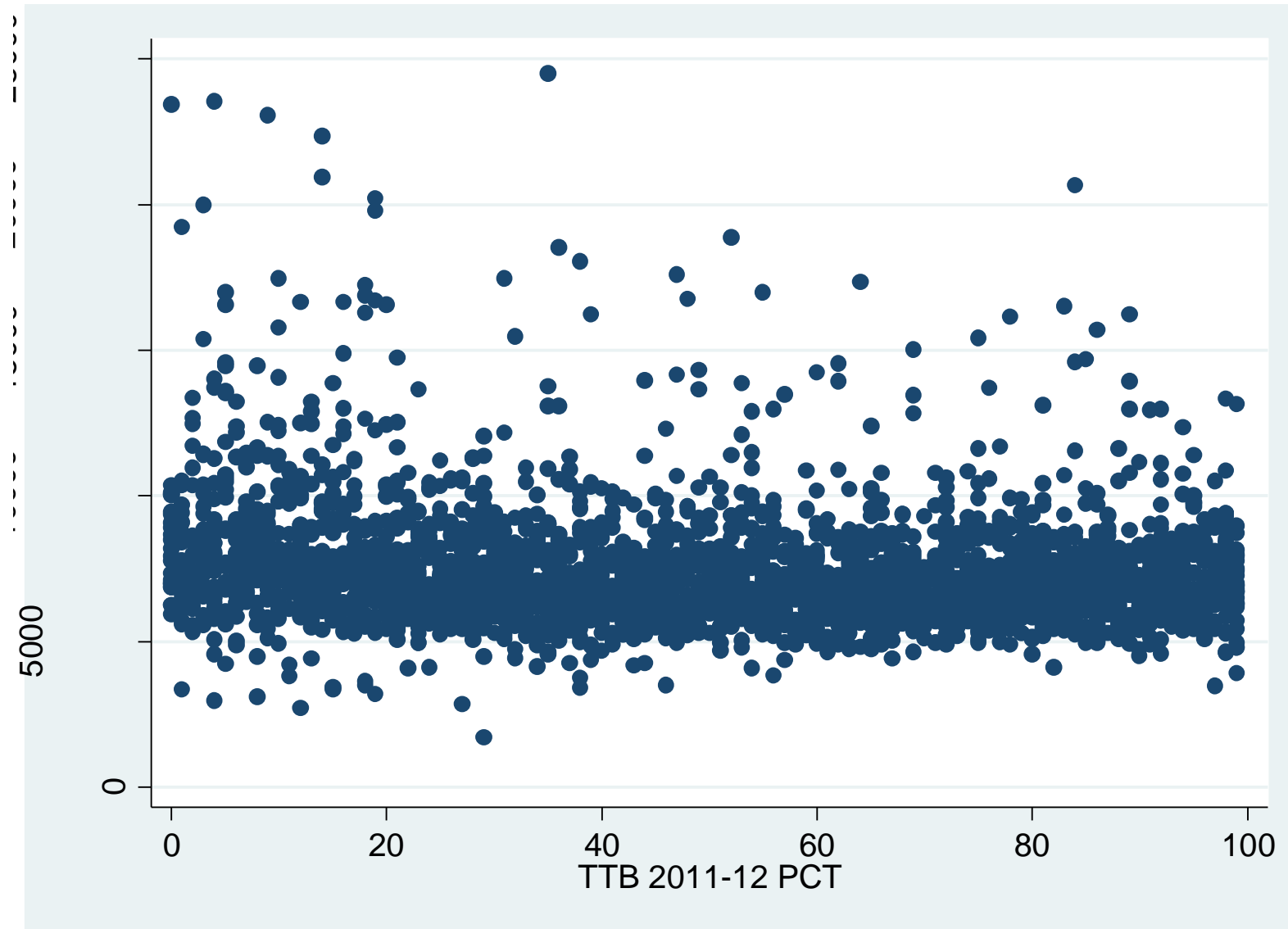
“Achievement Growth: International and U.S. State Trends in Student Performance,” Eric Hanushek, Paul E. Peterson, Ludger Woessmann, Harvard Kennedy School, July 2012
<http://goo.gl/tw5Wy>

1996 Michigan Department of Education Study

- **Concluded total instruction expenditures per pupil have “an indeterminate effect”**
- **Suggest evidence may even indicate “possible over spending in the public school system”**
- **Considered how MEAP scores, graduation rates and dropout rates related to:**
 - **Student, parent, school, district and local characteristics**

Do Successful Michigan Schools Spend More?

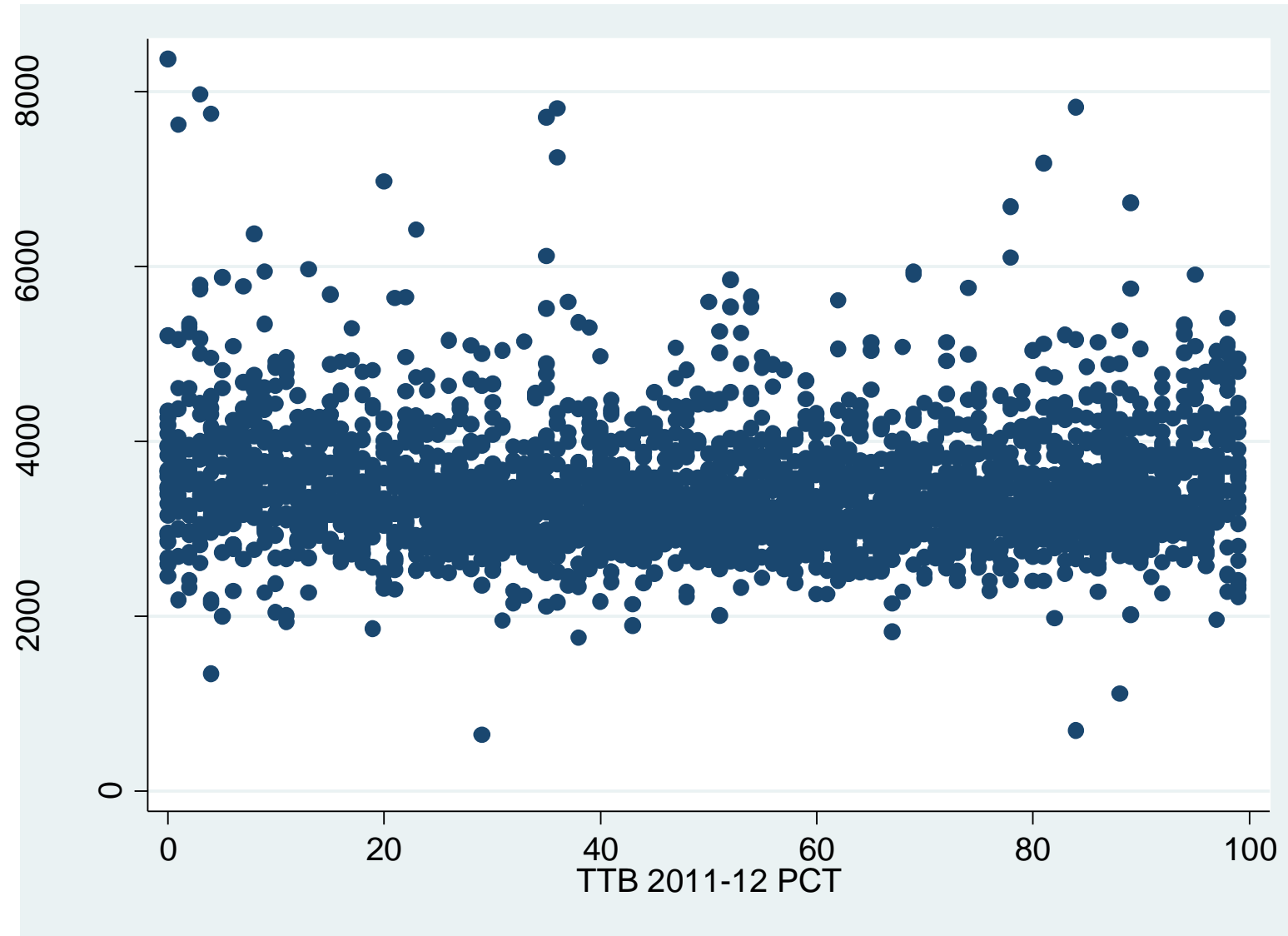
- **Total building-level expenditures** (per pupil) have no relationship to a school's Top-to-Bottom ranking



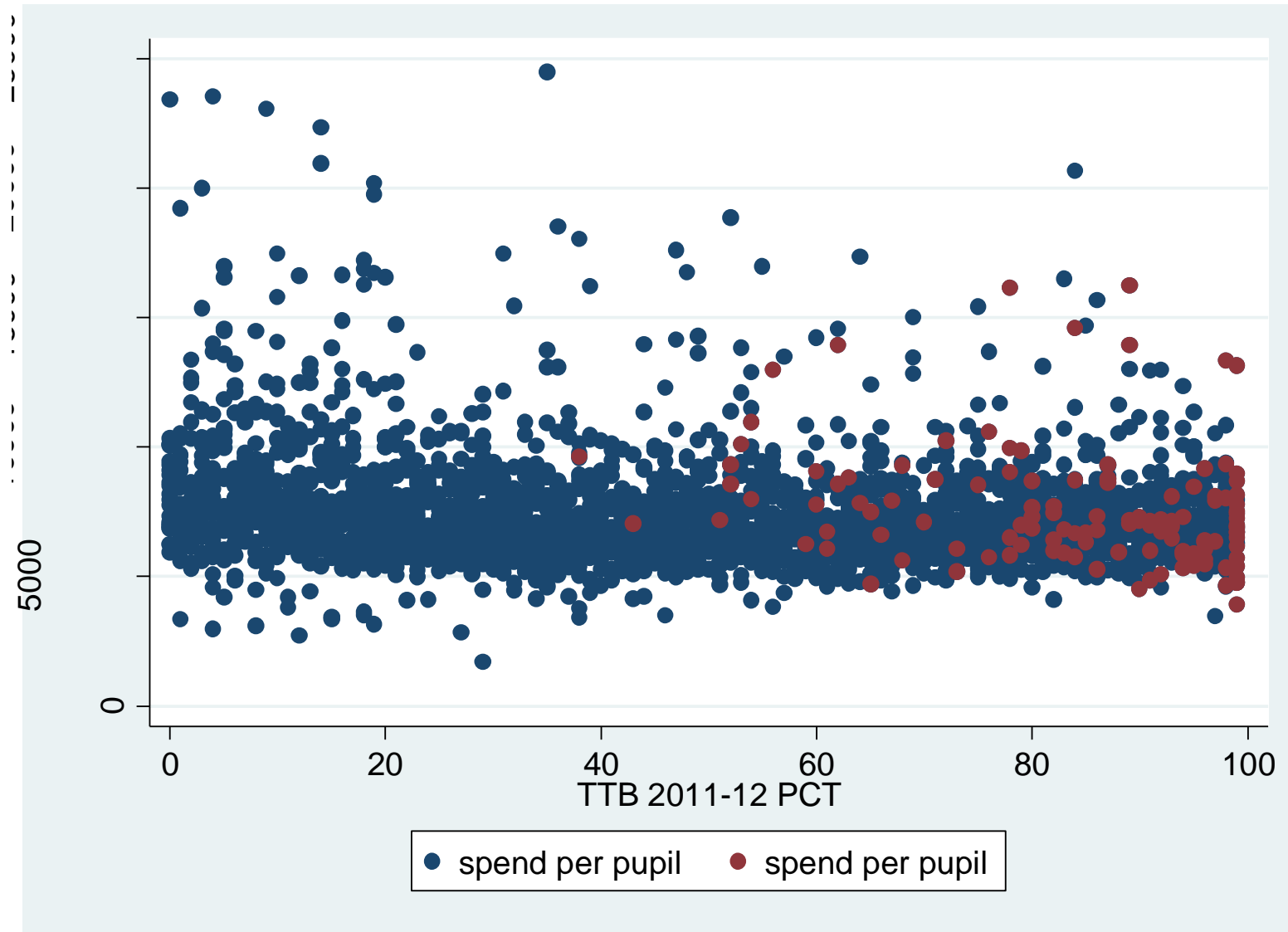
2011-2012 school-level spending data from the Center for Performance and Information paired with 2011-2012 MDE Top-to-Bottom data. Outliers removed.

- **Total building-level expenditures on professional educational salaries** (per pupil) have no relationship to a school's Top-to-Bottom ranking

2011-2012 school-level spending data from the Center for Performance and Information paired with 2011-2012 MDE Top-to-Bottom data. Outliers removed.



- **Beating the Odds schools appear to follow the same pattern**



2011-2012 school-level spending data from the Center for Performance and Information paired with 2011-2012 MDE Top-to-Bottom data. Outliers removed.

School Comparison

BEATING THE ODDS SCHOOLS

- Average total cost/pupil: **\$7,434**
- Average education salary cost/pupil: **\$3,532**
- Average admin salary cost/pupil: **\$242**
- Average employee benefit cost/pupil: **\$2,152**

PRIORITY SCHOOLS

- Average total cost/pupil: **\$8,081**
- Average education salary cost/pupil: **\$3,598**
- Average administration salary cost/pupil: **\$277**
- Average employee benefit cost/pupil: **\$2,169**

Further comparison could suggest concrete reforms

“More money, without fundamental changes in how it is spent, will not improve student performance.”

ALFRED LINDSETH, HEAD OF NATIONAL EDUCATION LAW PRACTICE THAT HAS REPRESENTED NEW YORK, CONNECTICUT, FLORIDA, MINNESOTA AND MISSOURI IN ADEQUACY CASES

[HTTP://WWW.EDWEEK.ORG/EW/ARTICLES/2004/06/09/39LINDSETH.H23.HTML](http://www.edweek.org/ew/articles/2004/06/09/39LINDSETH.H23.HTML)



The Promise of Choice

Choice in Michigan

- **147,900** students attend public charter schools
- **99,301** students use Schools of Choice (2011-12 school year)
- **119,913** students attend a private school

367,114 students

- 99,301 students using Schools of Choice in 2011-2012
- **Students and parents are choosing districts with better academic outcomes, and higher teacher pay**
- Nearly every single district saw students leave using SOC – not every district is a fit for every child

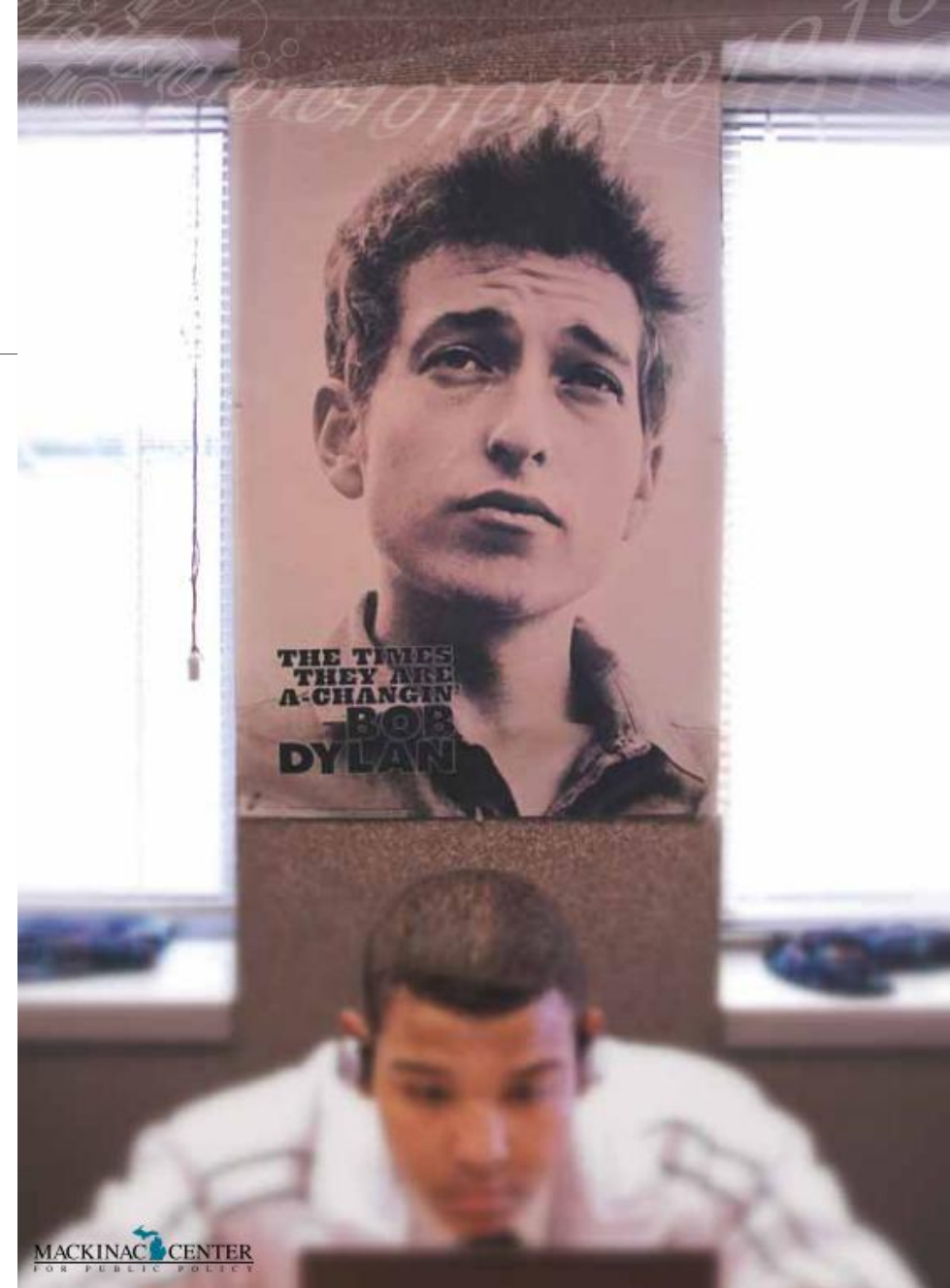
District Characteristic	2011-2012	2011-2012, ex. DPS
Math proficiency rate	8.0	8.4
Reading proficiency rate	8.9	9.6
Graduation rate	5.2	6.8
Drop-out rate	-2.9	-3.4
Pupil-teacher ratio	0.9	0.7
Expenditures per pupil	-\$314	-\$899
Mean teacher salary	\$1,766	\$1,063

Audrey Spalding, "The Public School Market in Michigan: An Analysis of Schools of Choice," Mackinac Center, 2013.
<http://goo.gl/jC1bak>

Berrien Springs

- Enrollment up 45% since 2006
- District expanded alternative education offerings for non-resident students
 - More than ¼ of district enrollment comes from SOC
- Embraced digital learning
- Increased course offerings for home school students

Michael Van Beek, "Michigan's Schools of Innovation: Berrien Springs Public Schools," Mackinac Center, 2013.
<http://goo.gl/1K3MiO>



Stanford University Charter School Study

- Matched charter school students to virtual peers
 - Paired based on race, gender, grade level, income status and prior test scores
- Charter school students gained an average of 2 months' learning compared to virtual peers
- Results especially positive for low-income students in the Detroit area

Gold-Standard Studies

- 12 empirical studies using random assignment
 - Between 1998 and 2012
 - Programs in New York, Washington D.C., Charlotte, Dayton, Milwaukee
- 11/12 find choice improves student academic outcomes
 - 6 find all students benefit
 - 5 find some students benefit with others unaffected
- 1/12 finds no impact
- No random assignment study has found a negative impact from choice

Proposed Reforms

Reforms That Would Support Students

- Provide districts more authority to retain and reward effective staff
- Empower districts to further innovate and compete
- Provide support directly to students for educational needs

Increase Ability to Retain and Reward Effective Staff

- Education policy is personnel policy
 - Staff costs amount to approximately 80 percent of expenses
 - No single school factor is more important than teacher quality
- Extend PA 103 of 2011 to other district staff members
- Support development of model evaluation, observation and personnel policies in compliance with PA 103 and related laws

Remove Barriers Limiting District Innovation

- Remove all geographic barriers limiting districts from receiving state aid for educating nonresident students
- Allow districts to open schools outside of their geographic boundaries
- Create opportunities to allow further district and school specialization
- Identify legislative and administrative ways to further remove barriers

Support Students Directly

- Arizona Empowerment Scholarship Accounts
 - “Debit card” provided to students and families
 - Can be used for:
 - Tuition, tutoring, education therapy services and aides, homeschooling expenses, textbooks, virtual education
 - Different amounts provided to students of different needs
- Innovative way to provide direct support to students and families facing additional challenges (special needs, active-duty military families, foster children and students attending low-ranked schools)

Mackinac Center for Public Policy

Further information and education databases at:

Mackinac.org/Education

Recent publications include:

“Roadblocks to Reform?: A Review of Union Contracts in Michigan Schools”

“Michigan School Privatization Survey 2013”

“The Public School Market in Michigan: An Analysis of Schools of Choice”